

TANZANIA

IMPORT POLICIES

Trade Barriers

All imports into Tanzania, unless exempted, are subject to payment of import duty and the VAT. Pre-inspection is required for all goods whose value exceeds \$5,000 at the point of origin to determine value, quality, the payable duty, and tax. SGS, a Swiss international evaluation firm, is currently entrusted with this task. Effective January 1995, the customs duty and sales tax (VAT) bases were changed as follows: the customs base rose from 0, 10, 20 and 40 percent to 5, 25, 30 and 50 percent while the sales tax base of 0, 10, 20 and 30 percent was replaced by the new flat rate VAT base of 20 percent.

The customs department and the port authority remain a great hindrance to importers throughout Tanzania. Unpredictable and lengthy clearance delays and extra-legal levies are commonplace.

Import/Export Licenses

Trade liberalization measures introduced in the late 1980s and early 1990s abolished import and export licenses, except on goods deemed sensitive for health and security reasons. There are no export controls other than those for protected wild animals. Importation of contraband drugs and pornographic materials is prohibited.

GOVERNMENT PROCUREMENT

Government procurement regulations require that all purchases over \$5000 be made through open tender. The Central Tender Board, based in the Ministry of Finance, is the organ responsible for administering this exercise. Tenders are frequently awarded to uncompetitive firms in which government officials have a significant interest. Some major government tenders, especially those involving medicines and military hardware, have been awarded in secret.

LACK OF INTELLECTUAL PROPERTY PROTECTION

Tanzania is a signatory to only three World Intellectual Property Organization (WIPO) conventions. Patent and trademark protection is generally considered ineffective in Tanzania. Tanzania is a market for pirated recordings from third countries. Pirated video cassette recordings and television shows are common. Copyright proprietors have been unable to uphold their rights due to lack of properly defined property right laws and inadequate law enforcement. The Tanzanian Government has prepared an intellectual property rights bill to be tabled in Parliament in 1999. The new law is intended to provide Tanzania with a legal base for enforcement of intellectual property rights.

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INVESTMENT BARRIERS

In the investment arena, the government continues to provide incentives to outside investors wishing to invest substantial amounts of capital in the country. In 1990, the government created the investment code and the institution for overseeing investment promotion, the Investment Promotion Center (IPC). In 1997, the code was updated and the Tanzania Investment Center (TIC) was established to replace the former IPC. Despite these reforms, the TIC still finds it difficult to carry out its duties effectively as a result of overlapping laws and regulations. On several occasions, TIC approvals have been rejected by other institutions within the government. The Tanzania Revenue Authority and Immigration Department have both rejected such approvals in the past.

OTHER BARRIERS

Privatization Program

Privatization of government-owned firms is progressing at a slow but steady pace. The Parastatal Sector Reform Commission, which was established in 1993, had listed about 400 parastatal corporations for privatization. The project was initially scheduled for five years, but by December 1998, only half of the targeted firms had been privatized. The procedure for privatization requires approvals from various government committees, including the cabinet, as a means to reduce individual influence on decision-making.